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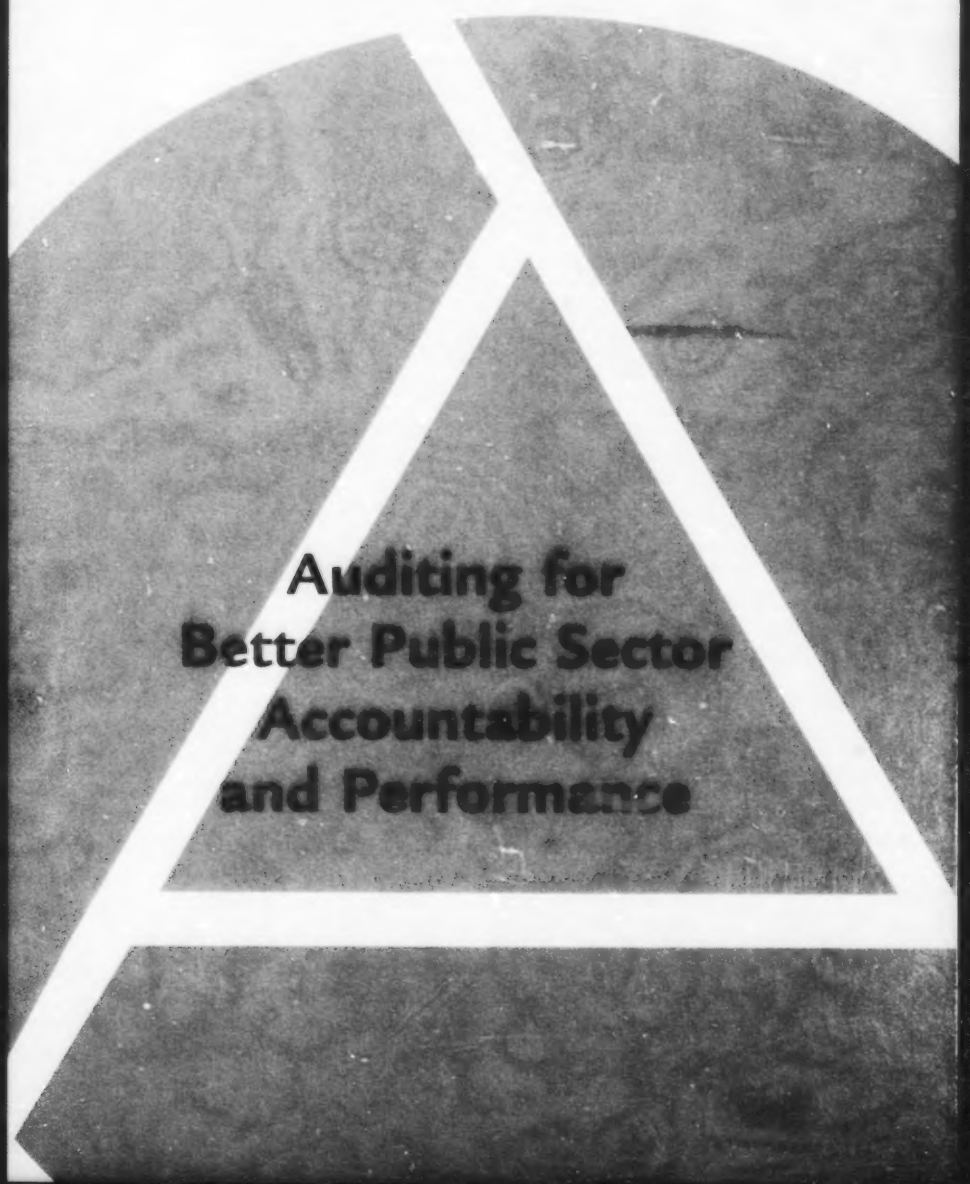
Auditor General of British Columbia



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our vision

Making a difference for the people of British Columbia by contributing to accountable and well-performing government

our mission

To serve the Legislative Assembly and the people of British Columbia by providing independent assessments and advice that enhance government accountability and performance

Accountability and Performance

> People have the right to be kept informed about government performance

Government today affects the lives of its citizens through a wide range of social and economic activity. For this reason, people have the right to be kept informed about what their government intends to achieve and what it has actually accomplished. Put another way, government must be accountable to its citizens.

The challenge, however, is that government is large and complex, and the intended results of programs are not always easily explained. Even though the public routinely receives extensive information on government programs and activities, most British Columbians still don't have a clear idea of how well their government is performing at any given time.

What is Accountability?

Accountability is a relationship between two parties. In the case of government, the contract is between the public and their government: the public gives government the responsibility to govern and manage public resources, and the government in turn is accountable to the public through the Legislative Assembly for its performance. This concept is fundamental to our democratic system. It establishes the right of a citizen to know what government intends to do and how well it has met its goals.

The Role of the Auditor General

The Office of the Auditor General provides a critical link in the chain of public accountability, a role that is both unique and vital to the democratic process of responsible government. The Office's role is to assist the legislature in overseeing the management of public money, by providing independent assessments of, and advice about, government accountability and performance.

The Auditor General is an officer of the Legislature, appointed by the Lieutenant Governor on the recommendation of the Legislative Assembly, and is therefore independent of government and in a position to make impartial assessments of government accountability and performance. The Auditor General is non-partisan and objective, reporting to the Legislature as a whole.

The Auditor General has established a professional Office and meets the duties assigned under the Auditor General Act both through work conducted directly by the staff of the Office, and with the assistance of private sector auditing firms. The Office has complete independence from government in determining what to audit and what to report.

The Office of the Auditor General is responsible for auditing most of government, including its ministries, Crown corporations, and other organizations. In exercising this responsibility, we stay attentive to the needs, expectations and priorities of the legislature. At the same time, we remain open, responsive, and aware of the needs and expectations of public sector managers so that we are able to provide sound and practical advice and recommendations for administrative improvement.

The Auditor General's reports provide positive assessments where warranted, but also highlight issues requiring the attention of the legislature or government, and contain recommendations that assist government organizations to improve their management and their performance.

Our Goals

The goals of the Office of the Auditor General are to ensure that:

- The Legislative Assembly and the public receive the best information possible for assessing the performance of government.
- We become an exemplary organization serving the Legislative Assembly and the public.

Accountability and the Role of Our Office

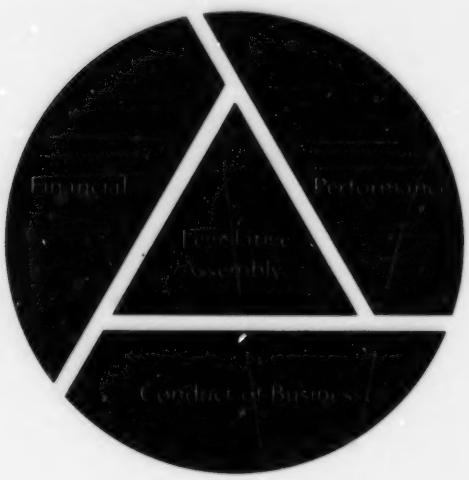
To meet the goal of providing information, as illustrated in Exhibit 1, to the Legislative Assembly and the public, we carry out auditwork addressing three key elements of government accountability and performance:

- financial;
- organizational and program; and
- legal compliance, fairness, equity and probity.

If the organization we are auditing reports publicly and comprehensively on its performance, we undertake our audits in a way that allows us to attest to the fairness and reliability of the accountability information provided by the organization. This is the case for our audits of financial accountability where we collect sufficient, appropriate evidence to determine whether the information provided in an organization's financial statements are fairly presented and can be relied upon.

Exhibit 1

Auditing Accountability and Performance



Financial Audits

Financial statement audits provide independent assurance that the financial information provided to the legislature by the government is credible, and that government manages its financial affairs with integrity using sound financial controls.

Performance Audits

Performance audits examine whether public money is spent wisely by government—whether value is received for the money spent. They look at the organizational and program elements of government performance and consider whether government has achieved something that needed doing at a reasonable cost.

Conduct of Business Audits

Compliance audits assess whether the government is complying with legislation governing its activities, is meeting the standards of conduct expected by the public, and is conducting its affairs fairly and honestly.

If the organization has not provided accountability information publicly, as has been the case with most government organizations, we use what is referred to as the direct reporting audit approach. These audits focus on organizational and program accountability as well as accountability for legal compliance, fairness, equity and probity. In the absence of management reporting on its performance, we work with staff in the organization being audited to gather the necessary information from which to draw conclusions about the organization's performance. Our reports that result from direct reporting audits contain accountability information that might appropriately be reported by the organization audited, together with our assessments. In effect, the audit report becomes a partial substitute for the accountability information that might otherwise be reported by management. Exhibit 2 compares these two audit approaches.

Maintaining Audit Standards

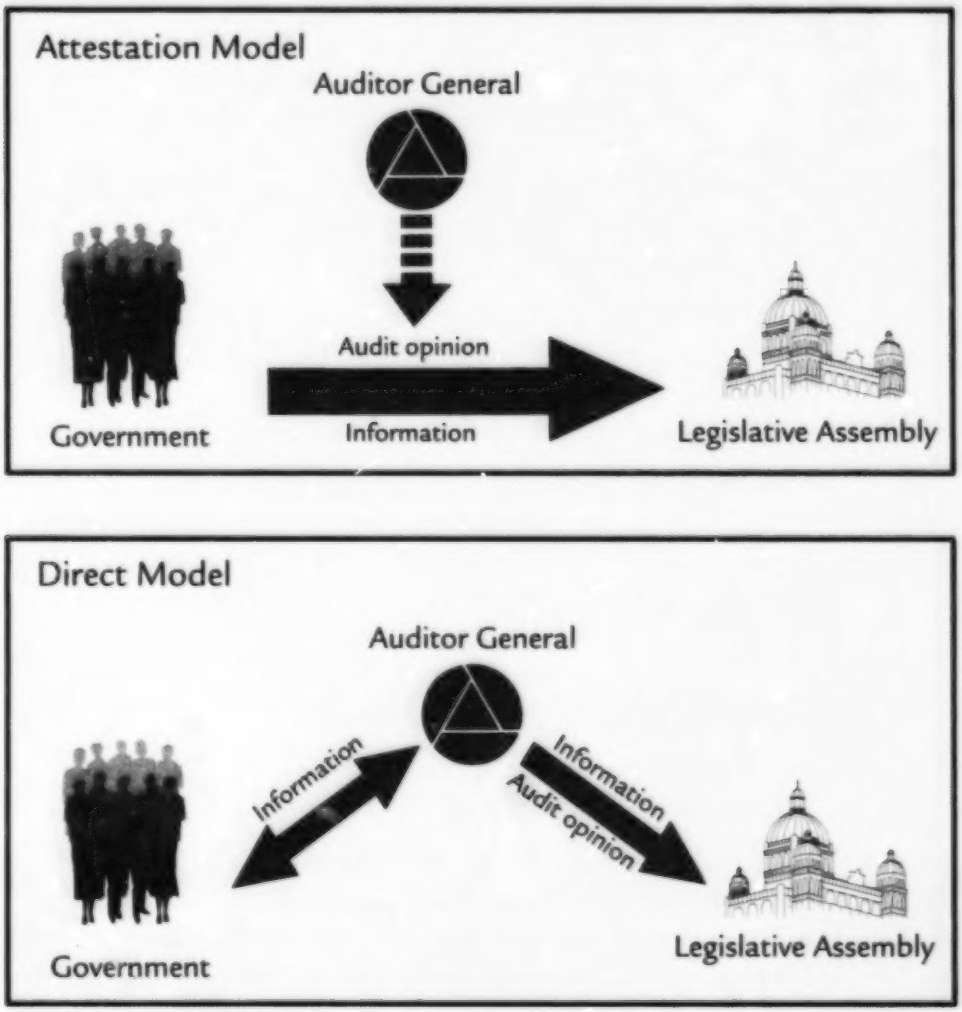
The audits undertaken by our Office are carried out in accordance with the assurance standards established by the Canadian Institute of Chartered Accountants (CICA). As well, we consider international auditing standards when planning our audits.

To demonstrate our commitment to service, we have established a set of service standards which outline what government organizations can expect from us as we carry out the work of the Office. These standards are provided in the section, *Our Commitment to Service.*

We constantly improve the cost-effectiveness and timeliness of our audits by using the latest audit tools and computer assisted audit techniques, and by adopting best practices from other legislative audit offices throughout the world.

Exhibit 2

Attestation vs Direct Performance Audits



our values

Our values are the fundamental beliefs we hold regardless of circumstances.

We are Committed to Excellence

We strive to meet the highest standards of service, professionalism, integrity and independence.

We are committed to being efficient and effective in our operations, and to promoting creativity, innovation and responsible risk-taking in our work.

We seek to maintain a relationship of mutual respect and trust with those we serve, and willingly share our experience and expertise.

We are Committed to People

We value the unique contribution and talents each individual adds to our Office and community.

We strive to manage on the basis of fairness, equity, honesty, mutual respect, trust and personal dignity. As our success is dependent on working together, we promote a spirit of cooperation and teamwork throughout our organization.

We are committed to the concept of personal and professional development and support quality-of-life endeavours.

our commitment to service

We value the unique contribution and talents each individual adds to our Office and community.

We strive to manage on the basis of fairness, equity, honesty, mutual respect, trust and personal dignity. As our success is dependent on working together, we promote a spirit of cooperation and teamwork throughout our organization.

We are committed to the concept of personal and professional development and support quality-of-life endeavours.

our service standards

The Office of the Auditor General is committed to the following standards of service:

Approaching Our Work in a Fair and Constructive Way

We will audit matters that are of significance and interest to those who rely on our work

We will be impartial and objective in conducting our audits

We will judge government accountability information and performance against reasonable expectations

We will base our assessments on the accountability principles or performance standards used by government where these are judged to be appropriate

We will attest to the fairness and reliability of accountability information provided publicly by government where that information is available and complete

We will conduct our audits in a way that enables us to provide positive assessments where warranted and will report the reasons for our reservations where we are unable to provide positive assessments

We will offer sound, practical recommendations for improving performance

We will issue our audit reports on a timely basis

Providing Accurate, Reliable Assessments and Sound Advice

We will conduct our audits in accordance with professional auditing standards using sound auditing methodologies and techniques

We will conduct our audits using personnel having the knowledge and competence required for the audit, including a thorough understanding of the type of organization and operations under review

We will provide reliable, evidence–based assessments and advice, ensuring our audit criteria or performance standards,

findings and conclusions, and advice for improvement are well–founded and supported

We will report all matters of significance to those who rely on our work

We will subject our audit reports, work and methodologies to rigorous quality assurance processes

Building Strong Relationships

We will be honest and forthright in all of our dealings with those we audit and those who rely on our work

We will keep all information obtained in the performance of our work confidential, except as required to perform our duties under the Auditor General Act (The Freedom of Information and Protection of Privacy Act does not apply to the audit records of the Office, including all audit working papers)

We will communicate openly throughout an audit with management responsible for the matters under review by:

- meeting with management at the start of an audit to establish a communication plan for the assignment
- discussing the terms of the audit assignment with management at the start of an audit, including the objective and scope of our work
- discussing our audit plan with management including the audit criteria or performance standards to be used
- discussing with management our findings, analysis, conclusions, and draft report

We will provide management with an opportunity to publish a response to our audit along with our report where we have assessed government performance directly

We will organize our work to allow government staff to participate in our audits with a minimum of disruption to their regular, ongoing duties

We will welcome and respond to any comments, suggestions or queries from legislators, the public or government managers